

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

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January 21, 1977

Presidential Review Memorandum/NSC 3

TO: The Vice President
 The Secretary of State
 The Secretary of Defense

ALSO: The Secretary of the Treasury
 The United States Representative to the
 United Nations
 The Director, Office of Management and
 Budget
 The Chairman, Joint Chiefs of Staff
 The Director of Central Intelligence

SUBJECT: Middle East (U)

The President has directed that the Policy Review Committee, under the chairmanship of the Department of State, undertake an analysis of policy alternatives on the immediate short-term issues in the Middle East and on the broader question of an Arab-Israeli peace settlement.

Issues of immediate concern that should be specifically addressed include:

- The Israeli request for an additional \$800 million in Security Assistance and Foreign Military Sales credits in FY 1978. Alternatives for dealing with this request should be considered in light of the broad Arab-Israeli setting, the effect on the total Middle East aid package, and views of Congress.
- Anti-boycott legislation. The current legislative efforts to combat the Arab boycott should be analyzed in terms of probable diplomatic and economic consequences, as well as the probable effect of this legislation on Arab boycott actions. Saudi Arabia's position on this issue should be assessed, with special attention to the Saudi role in current inter-Arab and OPEC discussions.

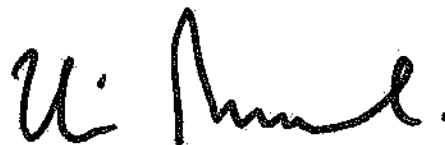
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under provisions of E.O. 12958

The study should also analyze the choices to be made over the next six months concerning peace negotiations in the Middle East. Positions to be taken in high-level consultations with European, Soviet, and Middle Eastern leaders should be considered. In particular, the following topics should be addressed:

- Policy on the reconvening of the Geneva Conference. Positions of the various parties should be reviewed, with an assessment of the prospects for serious negotiations beginning this year. Alternatives to Geneva should be explored.
- Policy on the Palestinians. Analyze the options for handling the question of Palestinian representation in the peace settlement process, including the question of U.S. contact with the Palestine Liberation Organization.
- Timing of any new initiative. Considering the Israeli internal situation, inter-Arab politics, and Saudi restraint on oil prices, analyse the optimal timing for a new U.S. diplomatic initiative aimed at promoting a settlement.

The review should be no more than 20 pages in length. It should be submitted to the Policy Review Committee by January 31, 1977.



Zbigniew Brzezinski